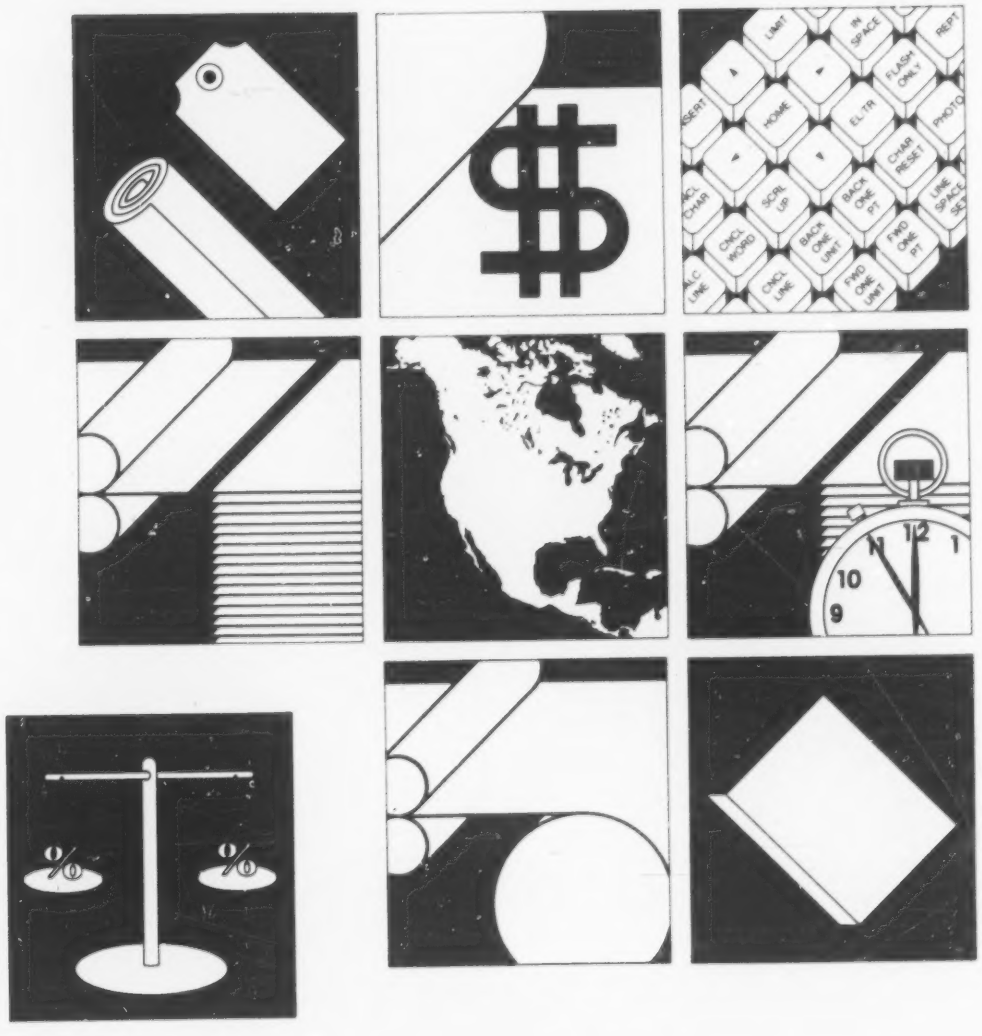
A8740-1.134 1985

PPA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



Volume XIII
Binders

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial services package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Investment Banking Seminars
- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

For further information, contact:

William A. Rose, II
Director, PIA Financial Services
1730 North Lynn Street
Arlington, Virginia 22209
703/841-4805

PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

Members may obtain these books through their PIA Affiliated Associations' Graphic Arts Bookstores, or by calling 1-800/PIA-DATA. Available free upon request from PIA is PrintCatalog, a comprehensive listing of all the publications and programs offered by all components of PIA. For further information about how to order or about the contents of publications, contact:

Printing Industries of America, Inc.
Margaret A. Hogue, Director of Editorial Services
1730 North Lynn Street
Arlington, Virginia 22209
(703) 841-8144

Volume XIII: Binders

An Annual Financial Survey Conducted By:
PIA Financial Services
1730 North Lynn Street
Arlington, VA 22209

Accounting Firm:

H. R. Margolis
Certified Public Accountants
New York and Philadelphia (Bala Cynwyd)

Data Processing:

RGS Enterprises, Inc.
1 Carlisle Drive
Arnold, MD 21012

This material may not be reproduced in whole or in part in any form without express permission.
©1985 by Printing Industries of America, Inc.

PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-4805

Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of Graphic Arts Community:

In the accompanying pages are the 1985 PIA FINANCIAL RATIOS FOR BINDERS who participated in the 1985 Ratio Studies. This Ratio Study was developed on the basis of questionnaires volunteered by 25 firms and presents the ratios and statistics of Binders by sales volume and product specialty.

Thus, the user of the report can direct himself to the standards for his sales size and product specialty in the Report on Operations and its Supporting Schedules, Balance Sheet, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

Table of Contents

	Page Number
FOREWORD	2
CHAPTER 1—BY SIZE OF FIRM	4–13
Report on Operations - Sales = 100%	4–5
Supporting Schedules - Sales = 100%	6–7
Balance Sheet	8–9
Significant Facts	10–11
Return on Investment - Per $100 of Sales	12–13
CHAPTER 2—BY PRODUCT SPECIALTY	14–23
Report on Operations - Sales = 100%	14–15
Supporting Schedules - Sales = 100%	16–17
Balance Sheet	18–19
Significant Facts	20–21
Return on Investment - Per $100 of Sales	22–23
ABSOLUTE DATA	24

Binding Industries of America is a special industry group of the binding industry and represents over 300 firms in trade binding, loose leaf manufacturing and supplies to those industries. BIA provides technical and managerial information on trade binding and loose leaf manufacturing. The *Binders' Bulletin* is a monthly publication with items of interest to the entire membership. In addition to the *Binders' Bulletin*, several other reports of special interest to binders are produced by BIA. BIA has also worked with American National Standards Institute in publishing specifications for the loose leaf binding industry. These specifications are available for purchase from the BIA office.

Over 450 people annually attend the BIA conference held in central locations. These members hear discussions and exchange information on the technology and problems unique to the binding industry. Audio tapes of these sessions are published by BIA and are available from the BIA office. Regional seminars are held each year in the east, midwest and west for technical subjects as well as exhibits from the supplier members. These seminars are for supervisory personnel in the members' binderies.

BIA is governed by its own Board of Directors and officers and is itself a support contributor to the efforts of Printing Industries of America, Inc. and affiliated local associations. We highly endorse the PIA Financial Ratio Study and encourage participation in this vital program..

James R. Niesen
Executive Director
Binding Industries of America
(312) 751-0440

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS*
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%
FACTORY COST OF PRODUCT		
MATERIALS		
Paper	0.24	0.00
Chargeable materials	9.08	1.43
Outside services	2.28	0.86
TOTAL MATERIALS	11.60	2.29
FACTORY PAYROLL	46.87	49.34
FACTORY EXPENSES	18.69	18.58
TOTAL FACTORY COST OF PRODUCT	77.16	70.21
GROSS PROFIT	22.84	29.79
ADMINISTRATIVE AND SELLING EXPENSES		
Administrative expenses	14.42	11.84
Selling expenses	3.16	2.12
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	17.58	13.96
INCOME BEFORE INTEREST EXPENSE	5.26	15.83
Interest expense	2.39	0.38
OPERATING INCOME	2.87	15.45
Other income	1.13	1.98
INCOME BEFORE INCOME TAXES	4.00	17.43

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%
0.55	0.00	0.04	0.00
6.05	3.81	13.92	1.13
1.28	1.41	3.40	1.44
7.88	5.22	17.36	2.57
47.79	54.52	43.06	50.24
20.48	18.74	16.83	14.68
76.15	78.48	77.25	67.49
23.85	21.52	22.75	32.51
17.05	15.01	10.50	10.55
2.83	0.83	4.49	3.37
19.88	15.84	14.99	13.92
3.97	5.68	7.76	18.59
2.62	0.97	2.85	0.44
1.35	4.71	4.91	18.15
1.06	1.52	0.91	2.05
2.41	6.23	5.82	20.20

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL		
Salaries - executive	3.38%	2.67%
Direct wages	32.61	37.51
General factory salaries and wages	1.58	0.22
Packing, shipping and delivery wages	1.92	3.02
Payroll taxes	3.56	3.31
Employee benefits	3.82	2.61
TOTAL FACTORY PAYROLL	46.87	49.34
FACTORY EXPENSES		
Fixed Expenses		
Depreciation - real estate	0.19	0.30
Depreciation - other	4.35	5.39
Taxes - real estate	0.19	0.41
Taxes - other	0.26	0.19
Insurance	0.95	1.09
Building rent	3.24	1.31
Utilities - heat, light, etc.	1.68	1.66
Equipment rental	0.65	0.40
Total Fixed Expenses	11.51	10.75
Other Expenses		
Factory supplies and expense	2.28	1.74
Packing, shipping and delivery expense	1.85	2.66
Repairs and maintenance	2.08	3.08
Other factory expenses	0.97	0.35
Total Other Expenses	7.18	7.83
TOTAL FACTORY EXPENSES	18.69	18.58
ADMINISTRATIVE EXPENSES		
Salaries - executive	6.03	3.82
Salaries - office	2.95	3.24
Payroll taxes	0.75	0.57
Employee benefits	0.82	1.34
Bad debts	0.37	0.51
Office supplies and expenses	0.55	0.53
Professional fees	0.82	0.34
Taxes - business	0.24	0.39
Telephone	0.53	0.36
Other administrative expenses	1.36	0.74
TOTAL ADMINISTRATIVE EXPENSES	14.42	11.84
SELLING EXPENSES		
Salaries - executive	1.05	0.81
Salaries and commissions - salesmen	0.68	0.38
Salaries - sales office clerical	0.04	0.17
Payroll taxes	0.10	0.03
Employee benefits	0.08	0.03
Advertising	0.31	0.40
Travel and entertainment	0.53	0.12
Other selling expenses	0.37	0.18
TOTAL SELLING EXPENSES	3.16	2.12

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
4.32%	3.81%	2.29%	2.14%
33.06	37.59	29.92	38.92
0.87	0.59	2.65	0.44
1.99	3.11	1.48	2.73
3.91	3.64	3.18	3.50
3.64	5.78	3.54	2.51
47.79	54.52	43.06	50.24
0.27	0.00	0.18	0.59
5.60	5.72	2.73	2.04
0.23	0.02	0.22	0.68
0.22	0.36	0.22	0.00
1.15	1.39	0.53	0.17
3.76	1.94	2.94	0.77
1.43	1.19	1.95	1.93
0.23	0.03	1.33	0.76
12.89	10.65	10.10	6.94
2.86	1.84	2.04	1.75
1.39	1.80	2.26	3.46
1.91	2.54	2.12	2.47
1.43	1.91	0.31	0.06
7.59	8.09	6.73	7.74
20.48	18.74	16.83	14.68
8.49	5.04	3.40	2.84
2.61	4.28	2.71	1.97
0.84	0.87	0.58	0.22
1.03	0.30	0.76	2.07
0.42	0.00	0.47	0.55
0.59	1.05	0.30	0.23
0.84	0.43	0.57	0.54
0.21	0.98	0.06	0.22
0.55	0.36	0.52	0.44
1.47	1.70	1.13	1.47
17.05	15.01	10.50	10.55
1.53	0.00	1.03	1.61
0.30	0.00	1.32	0.77
0.01	0.00	0.08	0.33
0.09	0.00	0.14	0.06
0.07	0.00	0.11	0.06
0.26	0.49	0.31	0.32
0.46	0.25	0.74	0.07
0.11	0.09	0.76	0.15
2.83	0.83	4.49	3.37

BALANCE SHEET

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
ASSETS		
CURRENT ASSETS		
Cash	7.80%	10.20%
Receivables	28.94	24.40
Inventories	7.00	1.26
Other current assets	8.86	9.22
TOTAL CURRENT ASSETS	52.60	45.08
FIXED ASSETS		
Real estate	9.27	17.72
Less: Accumulated depreciation	2.55	3.17
	6.72	14.55
Machinery and equipment	86.66	72.73
Less: Accumulated depreciation	54.66	44.04
	32.00	28.69
Other fixed assets	8.68	11.47
Less: Accumulated depreciation	5.07	6.72
	3.61	4.75
NET FIXED ASSETS	42.33	47.99
OTHER ASSETS	5.07	6.93
TOTAL ASSETS	100.00	100.00
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Notes payable	11.06	0.60
Accounts payable	8.58	3.51
Other current liabilities	10.14	9.86
TOTAL CURRENT LIABILITIES	29.78	13.97
LONG-TERM LIABILITIES	27.43	6.63
TOTAL LIABILITIES	57.21	20.60
SHAREHOLDERS' AND PROPRIETORS' EQUITY	42.79	79.40
TOTAL LIABILITIES AND EQUITY	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.77	3.23
QUICK RATIO	1.53	3.14
TOTAL LIABILITIES TO EQUITY	1.34	0.26
LONG-TERM LIABILITIES TO EQUITY	0.64	0.08
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.63	0.60

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
10.46%	8.89%	5.50%	6.11%
26.38	30.72	32.53	28.50
5.06	1.98	9.96	2.32
6.95	10.84	5.24	5.98
48.85	52.43	53.23	42.91
10.56	1.79	11.15	35.44
4.01	0.63	1.91	6.34
6.55	1.16	9.24	29.10
91.70	86.23	72.82	59.62
55.97	55.60	41.74	39.18
35.73	30.63	31.08	20.44
8.09	15.48	6.52	5.64
4.94	9.75	3.12	3.49
3.15	5.73	3.40	2.15
45.43	37.52	43.72	51.69
5.72	10.05	3.05	5.40
100.00	100.00	100.00	100.00
8.41	5.89	16.36	0.00
5.18	5.60	13.06	4.29
5.87	8.37	15.92	14.79
19.46	19.86	45.34	19.08
36.90	17.58	23.64	10.21
56.36	37.44	68.98	29.29
43.64	62.56	31.02	70.71
100.00	100.00	100.00	100.00
2.51	2.64	1.17	2.25
2.25	2.54	0.95	2.13
1.29	0.60	2.22	0.41
0.85	0.28	0.76	0.14
0.61	0.64	0.57	0.66

SIGNIFICANT FACTS

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Average assets per employee - All employees	$ 20,859	$ 20,616
Average assets per factory employee (Excluding Executives)	24,885	23,251
Average net worth per employee - All employees	9,050	16,994
Average gross plant investment per factory employee (Excluding Executives)	25,042	23,618
Net worth percentage of fixed assets	132.21%	172.86%
EMPLOYEES		
Percent factory - All employees	87.77%	91.03%
Percent administrative - All employees	10.45	8.47
Percent sales - All employees	1.78	0.50
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES		
Sales per employee - All employees	$ 42,923	$ 35,469
Sales per factory employee	48,921	39,129
Sales less material per factory employee	42,625	38,314
Sales per administrative employee	475,537	435,081
EXCLUDING EXECUTIVES		
Sales per employee - All employees	47,209	37,234
Sales per factory employee	51,098	39,927
Sales less material per factory employee	44,433	39,090
SALES PER SALESMAN	946,222	750,000
SALES TO CURRENT ASSETS	422%	398%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES		
Total payroll percentage of sales	59.36%	59.72%
Factory payroll percentage of gross plant investment	99.72	85.01
Payroll per employee - All employees	$ 24,982	$ 21,307
Payroll per factory employee	22,417	19,340
Payroll per administrative employee	44,232	38,844
Payroll per sales employee	28,523	37,477
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES		
Payroll per employee - All employees	$ 18,234	$ 16,576
Payroll per factory employee	17,884	16,191
Payroll per administrative employee	21,044	19,571
Payroll per sales employee	18,560	25,052
EXECUTIVE PAYROLL		
Payroll per executive - All executives	55,793	81,239
Payroll per factory executive	43,341	73,484
Payroll per administrative executive	74,273	81,194
Payroll per sales executive	30,430	38,373
RECEIVABLES		
Collection period	51.0	52.2
PROFIT		
Gross profit percentage of sales	22.84%	29.79%
Average gross profit per factory employee	$ 11,677	$ 11,676
Income before taxes percentage of sale	4.00%	17.43%
Average income before taxes per employee	$ 1,625	$ 5,946

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 20,850	$ 21,776	$ 21,002	$ 17,384
25,669	24,461	24,652	19,401
9,866	13,588	6,222	12,811
26,784	25,366	21,755	19,762
111.10%	184.06%	71.67%	144.93%
85.65%	90.78%	89.32%	91.95%
12.73	9.22	8.02	7.06
1.62	0.00	2.66	0.99
$ 39,653	$ 45,786	$ 46,730	$ 30,114
46,384	50,430	52,465	32,941
42,933	47,508	42,036	32,238
321,240	504,703	650,103	446,882
45,688	48,077	49,881	31,339
48,835	51,551	54,770	33,540
45,151	48,557	43,724	32,823
236,000	0	1,047,682	750,000
441%	415%	426%	422%
62.76%	65.03%	53.18%	60.17%
93.83	117.55	105.49	87.79
$ 24,783	$ 29,694	$ 24,234	$ 18,429
21,937	27,484	21,816	16,751
40,957	52,743	46,118	31,187
13,564	0	54,893	74,954
$ 17,391	$ 21,770	$ 18,266	$ 14,244
17,377	21,272	17,639	14,141
16,787	27,314	23,292	11,828
4,235	0	40,309	50,103
44,251	112,147	52,671	50,535
34,414	108,746	33,621	37,623
46,917	113,847	93,855	49,146
19,955	0	53,078	76,746
48.3	51.9	55.6	60.7
23.85%	21.52%	22.75%	32.51%
$ 12,123	$ 10,996	$ 11,968	$ 10,779
2.41%	6.23%	5.82%	20.20%
$ 1,193	$ 2,739	$ 2,028	$ 5,898

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Current Assets:		
Cash	$ 3.86	$ 5.73
Receivables	13.73	14.19
Inventories	3.45	0.77
Marketable securities	2.96	4.96
Other current assets	1.55	0.62
	25.55	26.27
Plant Investment:		
Land and building	4.72	10.17
Machinery and equipment	42.65	41.85
Other fixed assets	4.27	6.57
	51.64	58.59
Non-Current Assets	2.81	4.00
TOTAL INVESTMENT	80.00	88.86
INVESTMENT TURNOVER PER $100 OF SALES	125.00%	112.54%
EARNINGS		
Cost of Product	$77.16	$70.21
Selling Expenses	3.16	2.12
Administrative Expenses	14.42	11.84
	94.74	84.17
Income Before Interest, Other Income, and Taxes	5.26	15.83
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.58%	17.82%

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 5.21	$ 4.61	$ 2.62	$ 3.27
13.14	14.18	14.80	16.40
2.66	0.95	4.65	1.42
2.17	0.74	1.43	2.93
1.68	3.81	0.81	0.67
24.86	24.29	24.31	24.69
5.35	0.86	5.72	20.35
46.79	41.54	32.93	34.03
4.19	7.72	2.82	3.24
56.33	50.12	41.47	57.62
3.43	4.89	1.61	3.21
84.62	79.30	67.39	85.52
118.18%	126.10%	148.39%	116.93%
$76.15	$78.48	$77.25	$67.49
2.83	0.83	4.49	3.37
17.05	15.01	10.50	10.55
96.03	94.32	92.24	81.41
3.97	5.68	7.76	18.59
4.69%	7.16%	11.52%	21.74%

REPORT ON OPERATIONS - SALES = 100%

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	0.05	0.00	0.00
Chargeable materials	2.63	1.90	17.26
Outside services	1.78	1.12	1.75
TOTAL MATERIALS	4.46	3.02	19.01
FACTORY PAYROLL	50.19	48.93	41.78
FACTORY EXPENSES	19.10	16.55	18.03
TOTAL FACTORY COST OF PRODUCT	73.75	68.50	78.82
GROSS PROFIT	26.25	31.50	21.18
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	13.12	10.80	13.14
Selling expenses	2.60	2.32	3.91
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	15.72	13.12	17.05
INCOME (LOSS) BEFORE INTEREST EXPENSE	10.53	18.38	4.13
Interest expense	1.97	0.34	3.16
OPERATING INCOME (LOSS)	8.56	18.04	0.97
Other income	0.96	1.68	1.28
INCOME (LOSS) BEFORE INCOME TAXES	9.52	19.72	2.25

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
100.00%	100.00%	100.00%
0.00	1.10	0.00
34.22	1.92	6.72
5.11	2.08	2.48
39.33	5.10	9.20
24.08	53.93	48.52
13.32	19.77	18.51
76.73	78.80	76.23
23.27	21.20	23.77
12.60	20.34	13.64
4.85	1.10	3.81
17.45	21.44	17.45
5.82	(0.24)	6.32
1.92	2.22	2.33
3.90	(2.46)	3.99
0.06	1.89	0.90
3.96	(0.57)	4.89

SUPPORTING SCHEDULES - SALES = 100%

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.75%	2.12%	5.06%
Direct wages	37.75	37.57	28.15
General factory salaries and wages	1.23	0.30	2.10
Packing, shipping and delivery wages	2.05	3.11	0.61
Payroll taxes	3.54	3.35	3.37
Employee benefits	3.87	2.48	2.49
TOTAL FACTORY PAYROLL	50.19	48.93	41.78
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.20	0.40	0.28
Depreciation - other	5.14	4.05	2.99
Taxes - real estate	0.30	0.55	0.20
Taxes - other	0.09	0.10	0.43
Insurance	1.17	0.92	0.96
Building rent	2.76	1.15	3.69
Utilities - heat, light, etc.	1.67	1.72	1.82
Equipment rental	0.34	0.50	1.54
Total Fixed Expenses	11.67	9.39	11.91
Other Expenses			
Factory supplies and expense	2.15	1.28	2.85
Packing, shipping and delivery expense	2.51	2.84	0.31
Repairs and maintenance	2.28	2.88	1.85
Other factory expenses	0.49	0.16	1.11
Total Other Expenses	7.43	7.16	6.12
TOTAL FACTORY EXPENSES	19.10	16.55	18.03
ADMINISTRATIVE EXPENSES			
Salaries - executive	5.76	3.64	6.54
Salaries - office	2.20	2.30	2.13
Payroll taxes	0.86	0.46	0.58
Employee benefits	1.25	1.58	0.71
Bad debts	0.38	0.67	0.09
Office supplies and expenses	0.26	0.23	0.39
Professional fees	0.66	0.38	0.79
Taxes - business	0.10	0.15	0.06
Telephone	0.53	0.40	0.49
Other administrative expenses	1.12	0.99	1.36
TOTAL ADMINISTRATIVE EXPENSES	13.12	10.80	13.14
SELLING EXPENSES			
Salaries - executive	0.62	1.07	1.41
Salaries and commissions - salesmen	0.70	0.51	0.74
Salaries - sales office clerical	0.09	0.22	0.02
Payroll taxes	0.06	0.04	0.14
Employee benefits	0.06	0.04	0.11
Advertising	0.26	0.22	0.34
Travel and entertainment	0.45	0.06	0.80
Other selling expenses	0.36	0.16	0.35
TOTAL SELLING EXPENSES	2.60	2.32	3.91

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
2.49%	4.12%	4.33%
17.05	35.45	33.28
0.28	1.90	0.70
1.11	2.99	2.60
1.56	3.92	4.35
1.59	5.55	3.26
24.08	53.93	48.52
0.18	0.27	0.00
2.67	4.19	5.29
0.19	0.20	0.01
0.46	0.23	0.29
0.27	0.93	0.97
1.26	3.57	3.20
1.17	1.92	1.41
0.85	0.07	0.69
7.05	11.38	11.86
2.46	2.21	1.69
2.27	2.09	1.83
1.33	2.03	2.56
0.21	2.06	0.57
6.27	8.39	6.65
13.32	19.77	18.51
5.41	7.84	5.02
3.40	4.51	3.21
0.48	0.84	0.89
0.41	0.93	0.44
0.71	0.42	0.57
0.52	0.95	0.86
0.44	1.49	0.56
0.03	0.33	0.79
0.54	0.51	0.66
0.66	2.52	0.64
12.60	20.34	13.64
0.40	0.61	2.03
1.69	0.19	0.28
0.07	0.00	0.00
0.19	0.00	0.13
0.15	0.00	0.07
0.16	0.09	0.53
0.67	0.11	0.61
1.52	0.10	0.16
4.85	1.10	3.81

BALANCE SHEET

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	8.96%	7.17%	9.93%
Receivables	29.74	26.89	27.67
Inventories	3.81	1.64	13.08
Other current assets	5.57	10.94	8.30
TOTAL CURRENT ASSETS	48.08	46.64	58.98
FIXED ASSETS			
Real estate	11.92	23.63	11.41
Less: Accumulated depreciation	2.54	4.23	5.94
	9.38	19.40	5.47
Machinery and equipment	87.08	63.94	83.29
Less: Accumulated depreciation	53.07	38.03	52.85
	34.01	25.91	30.44
Other fixed assets	7.67	7.48	6.00
Less: Accumulated depreciation	4.01	4.35	4.21
	3.66	3.13	1.79
NET FIXED ASSETS	47.05	48.44	37.70
OTHER ASSETS	4.87	4.92	3.32
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	10.56	0.00	7.45
Accounts payable	8.30	2.86	8.11
Other current liabilities	18.09	10.08	5.36
TOTAL CURRENT LIABILITIES	36.95	12.94	20.92
LONG-TERM LIABILITIES	14.42	6.81	29.49
TOTAL LIABILITIES	51.37	19.75	50.41
SHAREHOLDERS' AND PROPRIETORS' EQUITY	48.63	80.25	49.59
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.30	3.60	2.82
QUICK RATIO	1.20	3.48	2.19
TOTAL LIABILITIES TO EQUITY	1.06	0.25	1.02
LONG-TERM LIABILITIES TO EQUITY	0.30	0.08	0.59
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.61	0.59	0.63

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
9.48%	5.67%	6.69%
31.21	31.01	25.55
7.89	3.36	3.78
13.78	18.53	2.78
62.36	58.57	38.80
14.02	9.71	1.34
0.65	2.08	0.47
13.37	7.63	0.87
63.73	103.56	81.88
47.11	78.85	36.46
16.62	24.71	45.42
8.83	10.69	11.73
1.82	7.07	7.18
7.01	3.62	4.55
37.00	35.96	50.84
0.64	5.47	10.36
100.00	100.00	100.00
5.25	13.62	7.22
23.26	5.73	3.95
10.62	5.67	8.14
39.13	25.02	19.31
24.88	34.61	35.71
64.01	59.63	55.02
35.99	40.37	44.98
100.00	100.00	100.00
1.59	2.34	2.01
1.39	2.21	1.81
1.78	1.48	1.22
0.69	0.86	0.79
0.74	0.76	0.45

SIGNIFICANT FACTS

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee-All employees	$ 20,208	$ 20,037	$ 21,555
Average assets per factory employee (Excluding Executives)	23,301	22,790	26,518
Average net worth per employee - All employees	10,119	16,931	10,792
Average gross plant investment per factory employee (Excluding Executives)	24,974	21,427	24,749
Net worth percentage of fixed assets	105.23%	175.54%	137.64%
EMPLOYEES			
Percent factory - All employees	88.93%	90.82%	87.97%
Percent administrative - All employees	9.94	8.52	9.88
Percent sales - All employees	1.13	0.66	2.15
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 40,703	$ 33,739	$ 40,517
Sales per factory employee	45,983	37,387	46,061
Sales less material per factory employee	43,770	36,311	37,453
Sales per administrative employee	474,064	417,473	454,364
EXCLUDING EXECUTIVES			
Sales per employee - All employees	43,768	35,837	46,148
Sales per factory employee	46,831	38,300	49,566
Sales less material per factory employee	44,585	37,195	40,331
SALES PER SALESMAN	975,000	750,000	1,017,703
SALES TO CURRENT ASSETS	433%	381%	330%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	61.81%	58.79%	54.17%
Factory payroll percentage of gross plant investment	99.42	88.32	88.20
Payroll per employee - All employees	$ 25,249	$ 19,941	$ 21,930
Payroll per factory employee	23,163	18,306	19,288
Payroll per administrative employee	39,950	32,452	39,334
Payroll per sales employee	39,034	49,969	28,654
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 19,181	$ 15,723	$ 15,782
Payroll per factory employee	19,116	15,596	15,483
Payroll per administrative employee	17,738	14,980	17,162
Payroll per sales employee	29,868	33,402	18,878
EXECUTIVE PAYROLL			
Payroll per executive - All executives	48,615	45,422	40,820
Payroll per factory executive	28,145	35,082	31,845
Payroll per administrative executive	50,295	45,361	59,305
Payroll per sales executive	28,899	51,164	34,740
RECEIVABLES			
Collection period	53.1	58.3	54.2
PROFIT			
Gross profit percentage of sales	26.25%	31.50%	21.18%
Average gross profit per factory employee	$ 11,740	$ 11,886	$ 10,662
Income (loss) before taxes percentage of sales	9.52%	19.72%	2.25%
Average income before taxes per employee	$ 3,152	$ 6,495	$ 1,145

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
$ 23,992	$ 16,282	$ 24,566
28,840	20,225	28,941
8,147	7,470	10,583
25,261	23,930	27,172
108.25%	238.61%	93.85%
88.73%	84.58%	88.79%
6.65	14.58	9.62
4.62	0.84	1.59
$ 63,201	$ 38,050	$ 44,044
71,226	44,996	49,562
43,210	42,737	44,828
951,122	268,542	468,149
68,576	43,228	47,780
76,283	47,141	51,461
46,261	44,762	46,517
400,000	0	1,000,000
430%	445%	499%
36.28%	68.84%	60.58%
74.11	118.80	97.04
$ 22,902	$ 25,942	$ 26,674
17,146	23,837	24,106
92,518	37,068	45,368
34,326	6,543	27,698
$ 16,179	$ 18,533	$ 19,092
14,033	18,397	18,840
42,506	20,604	20,617
27,573	2,045	10,731
64,181	47,597	89,984
26,707	44,519	84,486
233,718	47,746	95,278
42,576	21,533	15,380
46.1	47.9	49.8
23.27%	21.20%	23.77%
$ 17,786	$ 10,873	$ 12,147
3.96%	(0.57)%	4.89%
$ 2,485	$ 183	$ 2,126

RETURN ON INVESTMENT - PER $100 OF SALES

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 4.95	$ 4.10	$ 5.19
Receivables	14.41	15.83	14.48
Inventories	1.54	1.00	7.03
Marketable securities	2.52	5.87	1.96
Other current assets	0.67	0.83	2.41
	24.09	27.63	31.07
Plant Investment:			
Land and building	6.46	13.56	6.08
Machinery and equipment	43.74	37.64	42.78
Other fixed assets	3.80	4.46	3.13
	54.00	55.66	51.99
Non-Current Assets	2.72	2.95	1.75
TOTAL INVESTMENT	80.81	86.24	84.81
INVESTMENT TURNOVER PER $100 OF SALES	123.75%	115.96%	117.91%
EARNINGS			
Cost of Product	$73.75	$68.50	$78.82
Selling Expenses	2.60	2.32	3.91
Administrative Expenses	13.12	10.80	13.14
	89.47	81.62	95.87
Income (Loss) Before Interest, Other Income, and Taxes	10.53	18.38	4.13
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME (LOSS)	13.03%	21.31%	4.87%

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
$ 3.07	$ 2.21	$ 3.62
12.40	13.04	13.22
3.30	1.85	1.90
4.20	6.61	0.56
0.33	2.91	1.22
23.30	26.62	20.52
6.02	4.61	0.64
24.07	46.36	46.24
3.14	4.81	6.65
33.23	55.78	53.53
0.21	2.38	6.70
56.74	84.78	80.75
176.24%	117.95%	123.84%
$76.73	$78.80	$76.23
4.85	1.10	3.81
12.60	20.34	13.64
94.18	100.24	93.68
5.82	(0.24)	6.32
10.26%	(0.28)%	7.83%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME (LOSS)
TOTAL - ALL FIRMS	25	$1,403,000	$2,989,000	$ 159,000
TOTAL - PROFIT LEADERS*	4	1,968,000	3,461,000	651,000
BY SIZE OF FIRM				
ALL FIRMS				
$500,000-$1,500,000	10	533,000	1,037,000	25,000
$1,500,000-$3,000,000	3	1,017,000	2,100,000	133,000
Over $3,000,000	10	2,504,000	5,459,000	319,000
PROFIT LEADERS				
Over $3,000,000	2	2,889,000	5,106,000	1,051,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Pamphlet	7	1,711,000	3,696,000	358,000
Edition Books	5	1,671,000	3,191,000	148,000
Looseleaf	2	2,017,000	5,125,000	179,000
No Predominant Specialty	5	480,000	1,158,000	3,000
Other	4	1,182,000	2,318,000	121,000
PROFIT LEADERS				
Pamphlet	3	2,222,000	3,882,000	791,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of its size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 =	20.7%

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services